U.S. Senate
Republican Policy
Committee

Larry E. Craig, Chairman
Jade West, Staff Director

Legislative Notice

Editor, Judy Gorman Prinkey

No. 47

March 21, 2000

S. 2251 — Risk Management for the 21st Century Act (Crop Insurance Reform)

Calendar No. 464

Reported from the Committee on Agriculture, Nutrition, and Forestry on March 20, 2000, an original bill without amendment (no written report).

NOTEWORTHY

- S. 2251, a bipartisan bill, is expected to be considered by the Senate as early as Wednesday of this week.
- The FY 2000 budget resolution provided a $6 billion reserve fund for crop insurance reform in fiscal years 2001-2004. This bill commits that $6 billion over the next four years to improving and strengthening the federal crop insurance program beginning with the 2001 crops. It encourages producers to undertake additional risk management activities, encourages increased participation in the program, addresses perceived regional inequities in the program, and expands and improves the risk management tools available to specialty crop producers. Among its key provisions, the bill —
  - raises premium subsidies to make federal crop and revenue insurance policies more affordable for farmers, particularly at the higher levels of coverage.
  - assures that a farmer's insurance coverage is less likely to be artificially depressed by successive years of bad weather; and
  - encourages the development of insurance coverage for specialty crops.
- Many of the provisions in the reported bill were taken from S. 1580, a bill jointly sponsored by Senators Roberts (R-KS) and Kerrey (D-NE).
- S. 2251 is similar to H.R. 2559, the Agricultural Risk Protection Act, which passed the House by voice vote on September 29, 1999; however, the House bill contains lower premium subsidies and it does not eliminate the area trigger for the noninsured crop disaster assistance program.

HIGHLIGHTS

[Note: This Legislative Notice was prepared using information provided by Senate Committee on Agriculture]

Among its provisions, S. 2251:

- Raises premium subsidies to make federal crop and revenue insurance policies more affordable for farmers, particularly at the higher levels of coverage.
- Eases Actual Production History (APH) rules so that a farmer's insurance coverage is less likely to be artificially depressed by successive years of bad weather.
- Encourages the development of insurance coverage for specialty crops and revenue insurance on a whole farm rather than a commodity-by-commodity basis.
- Eliminates the requirement of an area-wide loss before disaster payments can be made to producers of currently non-insurable crops.
- Reduces the potential for insurance fraud and abuse with strong program compliance provisions.
- Provides $500 million to provide direct risk management assistance to farmers who choose to forgo crop insurance subsidies in an applicable year.
- Provides $20 million annually for the development of new plans of insurance for specialty crops.

BACKGROUND

The Risk Management for the 21st Century Act is intended as a first step toward reforming the federal crop insurance program and making it a more effective risk management tool for America's farmers. It addresses four aspects of the federal crop insurance program that need improvement:

- Producer participation must be increased.
- Program administration needs to be streamlined, and procedures for approving policies and plans of insurance must be simplified to facilitate flexibility, innovation and transparency, and encourage the development of new products from the private sector.

- Better risk management in production agriculture must be encouraged by offering new types of insurance coverage such as whole-farm revenue and combined individual and area yield policies, especially for specialty crops.

- Fraud and abuse in the federal crop insurance program must be better managed.

Farming is inherently a risky business that produces unpredictable revenues. Agricultural producers must deal with natural disasters such as floods and droughts, as well as pests and disease. Better use of crop insurance and other risk management tools by agricultural producers is essential if Congress is to avoid the need for future disaster programs. Producers need to be encouraged to purchase crop insurance and use other risk management strategies in order to reduce reliance on disaster assistance, which is ad hoc and unpredictable. One purpose of the Risk Management for the 21st Century Act is to avoid this ad hoc approach.

First Reforms made in 1994: Prior to 1994, producer participation percentages were often below 40 percent. This low participation rate and the desire to end disaster programs led to enactment of the 1994 Federal Crop Insurance Reform Act. Subsequent reforms were made to the program in 1996 in the Federal Agriculture Improvement and Reform Act, and in 1998 in the Agricultural Research, Extension, and Education Reform Act. Thus, participation in the program has increased from 38 percent of insurable crops in 1994 to 67 percent in 1998.

Producer Concerns Remaining: Despite these increases in participation, many producers still believe that the crop insurance program does not provide an adequate return on investment. This is largely because the higher levels of premium subsidy are targeted at the lower levels of coverage, and the subsidy level falls as insurance coverage levels rise. Thus, if a producer wants to increase coverage from 65/100 (that is, covering 65 percent of the recorded or appraised average yield at 100 percent of the expected market price) to 75/100, the cost of the policy nearly doubles even though that actual coverage increases by only 10 percent. The current subsidy structure provides a strong disincentive to producers from increasing their levels of coverage. High participation rates are also dependent on the crop insurance program's ability to adapt to constantly changing conditions involving weather, agronomy, technology, and economics. Currently, many producers, especially specialty crops producers, do not believe this is occurring. While participation percentages have increased for many crops, the rate of participation for many specialty crops has continued to lag; this is largely caused by the slow or nonexistent development and approval of policies that address their needs.

Comments Result in Consensus Items: As a result of demands to improve the crop insurance program, during the late fall of 1998, interested commodity and farm groups, lending organizations, approved providers, and insurance agents were given the opportunity to provide comments and recommendations about how to improve the program. The responses from these groups were overwhelming, and common themes emerged. First, the premium subsidy needed to be inverted to provide increased subsidies for higher levels of coverage. Second, the subsidy should be equivalent for revenue and yield policies. Third, modifications to the calculation of actual production history (APH) were necessary to account for multiple-year disasters. Fourth, additional APH adjustments were necessary for new and beginning farmers. Fifth, a stronger program was dependent on a stronger Federal Crop Insurance Commission (FCIC) Board of Directors and streamlined product approval and development processes. Finally, increased emphasis was necessary for programs and polices of affecting specialty crop producers. All stakeholders also expressed a need to eliminate fraud and abuse in the crop insurance program.

The Risk Management for the 21st Century Act addresses all of the concerns cited above:

Reformed Premium Structure: Under current law, producers receive a premium subsidy that is based upon the level of coverage they are purchasing. This level of subsidy falls as a producer purchases higher levels of coverage. Thus, as producers purchase higher levels of coverage, their out-of-pocket costs increase disproportionately. This has discouraged many producers from purchasing higher levels of buy-up coverage, which many members of the Committee believe has led to the need for disaster assistance bills. This provision works to address this problem and encourages producers to purchase higher levels of coverage. A largely inverted premium subsidy structure is provided, allowing for higher levels of assistance at higher levels of coverage. The exception to the inverted structure in the bill is at the 50/100 level of buy-up coverage, where the premium subsidy will be 60 percent. This was done to address regional concerns where producers largely purchase only the lowest, catastrophic (CAT) level of coverage. To encourage producers to purchase coverage above the CAT level, the premium subsidy at this lowest level of coverage was increased.

Multiple-year Loss Adjustments: Through numerous discussions with producers, the severity of problems affecting producers suffering from multiple years of crop losses became very apparent. While this has been a problem throughout the country, it has been particularly pronounced in the northern plains. The current legislation provides the Risk Management Agency with a mechanism to deal with this problem. However, the legislation also includes a phase-out that allows for this provision to be terminated when the Board determines that appropriate crop insurance polices have been developed to address this issue.

New and Beginning Farmer Provisions: Many producers also believe that the current assigned yield system for new and beginning farmers provides inadequate coverage. The Committee is concerned that this adversely impacts those producers who need insurance coverage the most — young, beginning farmers who are often the most financially leveraged.

Non-Insured Assistance Program Reforms: Several concerns have been expressed about the inadequacy of the noninsured crop assistance (NAP) for producers of specialty and program crops (crops other than wheat, feed grains, oilseeds, cotton and rice). Producers using NAP are disadvantaged because NAP is not provided through formal, approved insurance policies. One concern is that currently different varieties of the a crop cannot be combined for the purpose of computing losses, and is insufficiently flexible for new crops. Of particular concern to many producers was the area trigger prerequisite to a NAP indemnity payment. Complaints regarding the area trigger were numerous. Producers expressed concern that certain sections of a county or area may often suffer losses, but the losses are not severe enough throughout the county to trigger NAP assistance. The Committee is acutely aware that this is a problem in western states where the difference between the highest and lowest elevations in a county may be 4,000 to 5,000 feet. Because NAP inadequately addresses their needs, producers are put at a serious disadvantage for managing their risk.

Specialty crop producers should also have access to many of the same crop insurance products available to producers of the major crops. Addressing the needs of specialty crop producers is a major goal of the current legislation. The legislation provides a commitment to these producers by providing an additional $20 million annually for grants to outside entities to undertake research in developing these polices.

Restructuring FCIC Board: Problems with the regulatory and product approval processes in the crop insurance program were another major concern which this bill addresses. Most believe that the current process is burdensome and contains insurmountable roadblocks that have stifled the development of new products and polices. Thus, this legislation includes a major restructuring of the FCIC Board of Directors. The intent underlying these changes is to bring the expertise of producers and individuals in the insurance industry to the Board.

Fraud and Compliance Reforms: The legislation provides substantial changes in the crop insurance program's fraud and compliance provisions, and the Committee expects the Secretary to use these tools as necessary. Finally, the Committee believes that a strong private/public partnership is an important cornerstone of the crop insurance program.

BILL PROVISIONS

TITLE I — CROP INSURANCE COVERAGE

Section 101. Quality Adjustment.

The FCIC is required to provide insurance coverage that allows a reduction in quantity of production for the purpose of establishing yield when the quality standards established in the policy are not met. A producer can opt to exclude this coverage from the insurance policy. This section allows producers to opt out of crop insurance coverage protecting against quality losses and requires the FCIC to analyze and modify its quality adjustment procedures to more accurately reflect local quality discounts.

Section 102. Prevented Planting.

The bill requires the FCIC to provide equal coverage with respect to prevented planting for each insurable commodity and allows planting of substitute commodities on acreage on which a prevented planting payment has been received. However, the substitute commodity is not eligible for insurance coverage.

This section will effectively eliminate the so-called "black dirt" policy that has been imposed by FCIC and prevented a substitute crop from being planted on acreage for which a prevented planting payment had been received.

Section 103. Payment of Portion of Premium by Corporation.

The bill establishes a new premium assistance formula to encourage producers to increase their crop insurance coverage by making higher levels of coverage more affordable. Premium subsidies for loss of yield and revenue coverage are made equal. Premium subsidies for plans of insurance are established at:

— 60% premium subsidy on 50/100 yield or revenue coverage, or an equivalent coverage;

— 45% premium subsidy on 55/100-60/100 yield or revenue coverage, or an equivalent coverage;

— 50% premium subsidy on 65/100-70/100 yield or revenue coverage, or an equivalent coverage; and

— 55% premium subsidy on 75/100 and greater levels of yield or revenue coverage, or an equivalent coverage.

For levels of yield or revenue coverage higher than 75/100, the premium subsidy is established at a level that equals the dollar amount of the subsidy calculated at the 75/100 coverage level. Allows Cost-of-Production policies to be developed. Potatoes are not eligible for revenue coverage except as a part of a whole farm plan of insurance. Individual yield and area yield coverage may be combined into a single policy and made available to farmers if such a policy is approved through the private submissions procedure authorized by section 508(h) of the Federal Crop Insurance Act. It is effective for the 2001-2004 reinsurance years.

Under this legislation, premium subsidies are provided in a mostly inverted formula to encourage producer participation in higher levels of coverage. This provides producers with greater risk management coverage and reduces their out-of-pocket expenses.

Section 104. Assigned Yields.

The bill requires the FCIC to assign a yield if a producer does not have an actual production history (APH) for an agricultural commodity. The assigned APH takes into account lack of actual production histories for beginning farmers and farmers who have either added land or who have an established history of rotating crops on the same acreage within a crop year.

Section 105. Multi-year Actual Production Histories (APH) Adjustment.

Defines a multi-year disaster as years in which a producer (or a successor entity through which the APH of the producer can be traced) has suffered a natural disaster regarding an agricultural commodity in at least three of the preceding five years, resulting in a cumulative APH reduction of at least 25 percent. A producer that qualifies may exclude one year of APH for every five years of APH established by the producer. During this time, the producer's APH may increase without limit up to the level that existed immediately preceding the multi-year disaster. The APH adjustment sunsets when the producer's APH has increased to the level that adequately insures against natural disasters. The FCIC must assume the increased costs created because of this adjustment. It is effective for the 2001-2004 reinsurance years.

Sec. 106. Noninsured Crop Disaster Assistance Program (NAP).

The bill modifies the eligibility provisions for noninsured disaster assistance to ensure that producers of uninsured crops receive protection from catastrophic disasters. It allows different varieties of a commodity to be considered a single commodity for purposes of NAP. The sales closing date for NAP coverage is March 15. It requires payment of a service fee that is the lessor of 1) an amount equivalent to the administrative fee for catastrophic risk protection or 2) $200 for a producer in a county, not to exceed $600. A waiver of the fee for limited resource producers is provided. The Secretary is authorized to provide assistance without any requirement of an area loss. The bill creates a system of assigned yields for producers planting crops that are new to an area, allowing these new crops to be eligible for NAP coverage. The acreage threshold for a prevented planting NAP payment is reduced from 35 percent to 15 percent. It is effective for the 2001-2004 reinsurance years.

It is the intent of the provision to provide the producers of specialty crops the same coverage available to crops otherwise eligible for the crop insurance program. By modifying the area trigger requirement and implementing a modest fee, the NAP program will become more closely aligned with CAT coverage. The Committee expects these changes to lead to additional crops moving from NAP to the crop insurance program and encourages the Secretary to take steps to meet this goal.

TITLE II — RESEARCH AND PILOT PROGRAMS

Section 201. Research and Pilot Programs.

The bill authorizes the FCIC to conduct pilot programs and research regarding livestock as of October 1, 2000 and authorizes pilot programs to be carried out on a regional, state, or national basis. It funds new research and pilot programs established during the 2001-2004 reinsurance years — $20 million for 2001, $40 million for 2002, $60 million for 2003, and $80 million for the 2004, reinsurance years. Also, it requires the FCIC to contract with a qualified person to study whether offering insurance plans that cover multiple years can reduce fraud and abuse.

Section 202. Research and Development Contracting Authority.

The bill requires the FCIC to contract with qualified persons to develop alternative rating methodologies and authorizes $2.5 million dollars for alternative rating methodology studies for the 2001-2004 reinsurance years. It establishes research regarding pasture, range, and forage program as a top priority and requires research to determine whether plans of insurance that provide multi-year coverage would reduce fraud and abuse.

Section 203. Choice of Risk Management Options.

Establishment of Pilot Program. The bill requires the FCIC to establish a pilot program for the 2002 through 2004 reinsurance years in which a producer may, for each crop produced by the producer in an applicable year, elect to receive a risk management payment or a crop insurance subsidy. Only agricultural commodities that are insurable under federal crop insurance are eligible for risk management payments. The Secretary of Agriculture is required to select commodities eligible for risk management payments in a manner that encourages maximum producer participation, provides for a mixture of program, specialty, and regional crops, and gives consideration to commodities with low crop insurance participation rates. The amount of a risk management payment in an applicable year depends on a producer's yield for the commodity for the applicable year. A producer must elect by the sales closing date for the agricultural commodity involved whether to receive a risk management payment for the commodity or to be eligible to receive crop insurance subsidies for additional or catastrophic risk protection coverage. A producer can receive a risk management payment in exchange for performing at least two qualifying risk management practices in the applicable year.

Determination of Risk Management Payment. The Secretary shall consider the producer's expenditure on the qualifying risk management practices obtained or used for the applicable year when determining the amount of the risk management payment for an agricultural commodity. A risk management payment may not exceed the amount equal to the average for all catastrophic risk protection policies for the previous year. Not more than $500 million from the Insurance Fund is authorized to carry out this pilot program for the 2002-2004 reinsurance years, of which not more than $200 million can be spent on the pilot in any one year. Expenses incurred by insurance companies while administering this pilot are to be paid from discretionary appropriations.

Qualifying Risk Management Practices. Describes the 12 qualifying risk management practices. A producer must perform or obtain at least two of the following 12 options in each year a risk management payment is received. Two of the four categories must be represented each year. The practices, listed by category, are:

Crop Insurance Category.
1. Purchase an unsubsidized Federal plan of insurance or private crop insurance (e.g.,private crop hail) for an agricultural commodity.

Marketing Risk Category.
2. Future or Option — Hedge price, revenue, or production risk by entering into at least one standard exchange-traded contract for a future or option on a principal agricultural commodity (crops or livestock) produced on the farm.

3. Agricultural Trade Option — Hedge price, revenue, or production risk on at least 10 percent of the value of a principal agricultural commodity produced on the farm by purchasing an agricultural trade option.

4. Cash Forward or Other Marketing Contract — Cover at least 20 percent of the value of a principal agricultural commodity (crops or livestock) produced on the farm with a cash forward or other type of marketing contract.

5. Marketing Through Cooperatives — Market 25 percent of a principal agricultural commodity produced through a cooperative that is owned by agricultural producers.

Financial Risk Category.
6. Trust — Deposit at least 10 percent of the producer's payment under the Agricultural Market Transition Act into a FARRM account, or a similar tax deductible account.

7. Agricultural Marketing and Risk Management Education — Attend an agricultural marketing or risk management class. This includes, but is not limited to, a seminar or class conducted by a broker licensed by a futures exchange.

8. Financial Risk Reduction — Reduce farm financial risk by reducing debt in an amount that reduces leverage or by increasing liquidity, as determined by the Secretary.

9. Diversification — Reduce farm business risk by- (1) diversifying the farm's production by producing at least one new commodity on the farm; (2) significantly increasing the diversity of enterprises on the farm; (3) maintaining an integrated farming system with a substantial degree of diversification; or (4) transitioning to organic farming.

Farm Resources Risk Category.
10. Conservation Practices — Implement conservation practices such as integrated pest management, nutrient management, conservation tillage, conservation buffers, or other conservation practices, as determined by the Secretary.

11. Agricultural Conservation Management Plan- — Employ a private consultant, including a farm manager, certified crop advisor, engineer, or other specialist approved by the Secretary, to assist a producer in developing a plan to mitigate financial risk associated with resource

conservation through practices such as nutrient management, integrated pest management, soil erosion control, conservation buffer practices, soil residue management, water quantity or quality management, or other conservation practices that are appropriate for the farm, as determined by the Secretary.

12. Agricultural Resource Improvements — Invest in the improvement or development of a capital land improvement to reduce production risk, such as irrigation management, watershed management structures, planting trees for windbreaks or water quality, soil quality management options, animal waste management structures, or other land improvements, as determined by the Secretary.

The Committee realizes that some producers do not participate in the crop insurance program because they believe the program does not serve their needs. The Committee believes that even if producers do not participate in crop insurance, they should be encouraged to undertake risk management activities that reduce a producer's risk and possible calls for disaster assistance legislation in the future.

The 2001 crop year is not included due to the administrative actions necessary to enact the pilot and due to the Committee's desire to ensure that all commodities have equal opportunity to be included in each year of the pilot. The Committee intends and fully expects the Secretary to operate this pilot nationally on a commodity-by-commodity basis to include program, specialty, and regional crops. Payments are not intended to be offered on a whole farm basis. In addition, if the Secretary determines that a commodity will be eligible for risk management payments, the payments must be made available in all areas of the country where the selected commodity is insurable. In carrying out this section, the Committee expects the Secretary to include as many commodities in the pilot as possible. The Committee intends for payments to be available for all insurable crops, excluding livestock. The Committee expects the Secretary to develop a payment formula that is based upon and takes into consideration expenditures on the risk management practices obtained or used by the producer.

TITLE III — ADMINISTRATION

Section 301. Board of Directors of Corporation.

Restructures the FCIC Board of Directors to include four active producers (selected from four geographic regions), one member active in crop insurance, one member active in reinsurance; the Under Secretary for Farm and Foreign Agricultural Services, the Under Secretary for Rural Development, and the Chief Economist of USDA. Members are to serve staggered four-year terms. Requires that the Board chairperson be a nongovernmental member. Effective October 1, 2000, authorizes a staff experienced in quantitative mathematics and actuarial rating to assist the Board and provides $0.5 million of mandatory funding in fiscal year 2001 for initial needs.

Section 302. Good Farming Practices.

Currently, insurance coverage for losses due to negligence or malfeasance of the producer, failure to follow reseeding practices customary for the area, or the failure to follow good farming practices, is denied. This section clarifies that good farming practices include scientifically sound sustainable and organic farming practices.

Section 303. Sanctions for Program Compliance and Fraud.

A producer that provides false or misleading information about a crop insurance policy may be assessed a $10,000 civil penalty for each violation, debarred from all USDA financial assistance programs for up to five years, or both, depending on the severity of the violation. Agents, loss adjusters, and approved insurance providers that provide false or misleading information about a policy or the administration of a policy or claim may be subject to civil fines up to $10,000 per violation, and debarred from participating in insurance programs under this Act for up to 5 years, depending on the severity of the violation. The same penalties may apply to agents, loss adjusters, and approved insurance providers who have recurrent compliance problems.

Section 304. Oversight of Agents and Loss Adjusters.

This section requires the Corporation to develop procedures for annual reviews of agents and loss adjusters by the approved insurance provider, and to consult with the approved insurance provider about each annual evaluation.

Section 305. Adequate Coverage for Agricultural Commodities.

The phrase 'adequately served' is defined in this section as meaning having a participation rate that is at least 50 percent of the national average participation rate. The Board is required to review available plans of insurance to determine if each state is adequately served, and then report its findings to Congress. The Board is further directed to make recommendations to RMA about how participation can be increased in states that are not adequately served. Also, the Board is required to conduct an annual review to assess whether available plans of insurance serve each commodity adequately. The study should specifically consider the coverage of specialty crops, and states with low participation like Pennsylvania.

Section 306. Records and Reporting.

This provision requires the FCIC, the Farm Service Agency, and State and local committees of USDA to coordinate record keeping and reporting requirements for crop insurance and the Noninsured Crop Disaster Assistance Program.

Sec. 307. Fees for Plans of Insurance.

This section establishes a system of fees that an approved insurance provider must pay to a company that developed the policy if the provider wants to sell the policy through Federal crop insurance.

Section 308. Limitation on Double Insurance.

This section prohibits the purchase of a policy of insurance for more than one crop for the same acreage in a year, except where there is an established history of double-cropping on the acreage.

Section 309. Specialty Crops.

All authorities regarding specialty crops are consolidated into a new section 523 of this Act. This section authorizes the FCIC specialty crops coordinator to: (1) make competitive grants for research, reimburse research costs, or enter into contracts for the development of specialty crop policies; and (2) study the feasibility of offering cost-of production, adjusted gross income, quality-based policies, or an intermediate program with higher coverage than catastrophic risk protection, for specialty crops. Up to $20 million is authorized annually for the 2001-2004 reinsurance years to create partnerships with public and private entities with demonstrated abilities for developing and implementing specialty crop risk management options. For the 2001-2004 reinsurance years, the sales closing date for obtaining coverage for a specialty crop may not expire prior to 120 days after the release of materials on new plans of insurance for specialty crops. A producer of a specialty crop may purchase new or additional insurance coverage for the crop at any time during the insurance year, subject to a 30 day waiting period for verification.

Section 310. Federal Crop Insurance Improvement Commission.

A new ad hoc commission is established, comprised of four Government officials and five persons from the private insurance industry; the commission is to be funded with $4 million authorized from the Insurance Fund. The Commission is to review issues involving Federal crop insurance; and to file a final report with Congress that contains its findings within two years. Authority for the commission terminates following the filing of the final report, or September 30, 2003, whichever is earlier.

Section 311. Highly Erodible Land and Wetland Conservation.

This section reestablishes conservation compliance (compliance with so-called sodbuster and swampbuster requirements) as a prerequisite for subsidy under either a plan of catastrophic risk protection or additional coverage.

TITLE IV — EFFECTIVE DATES; TERMINATION OF AUTHORITY

Sections 401. Effective Dates.

Establishes when various provisions of this Act become effective. Section 401(c)(2), voids the FCIC's Board of Director's decision to revise the terms of the 1999 Crop Revenue Coverage policy for durum wheat.

Section 402. Termination of Authority.

Terminates as of September 30, 2004, all increased funding and associated program reforms applicable to the 2001-2004 reinsurance years for crop insurance and risk management payments.

ADMINISTRATION POSITION

There was no statement of administration position available at press time. However, the Administration strongly supports crop insurance reform legislation.

POSSIBLE AMENDMENTS

MANAGERS' AMENDMENT

The Manager's amendment is expected to contain the following provisions:

1. **Innovation Pilot Program.** Establishes a pilot program that allows private insurance companies to develop and market innovative risk management products, to compete with other companies regarding rates of premium, and to allow a company that has developed a new risk management product to charge a fee to other companies that want to market the product.

2. **Risk Management Education.** Establishes five regional centers that will provide information on all aspects of managing risk — production, financial, farm business, marketing, and farm resources and authorizes $30 million annually for this purpose.

3. **Federal Crop Insurance Commission.** Changes the composition of the new ad hoc commission by increasing the number of persons from the private insurance industry to nine and authorizes such sums as necessary.

4. **Rice.** Authorizes plans of insurance for rice that cover losses due to drought and saltwater intrusion.

5. **Durum Wheat.** This amendment clarifies language contained in the bill regarding a Crop Revenue Coverage (CRC) policy for durum wheat.

6. **Purchase of Specialty Crop Policies.** The Committee bill currently allows a producer of a specialty crop to purchase insurance at any time of the year. The amendment clarifies that this only applies to the inventory of nursery crops.

Staff contact: Judy Myers, 224-2946